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SENATE BILL 5294

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State of Washington

60th Legislature

2007 Regular Session

By Senators Spanel, Jacobsen, Fairley, Regala, Kline, Pridemore and Brandland

Read first time 01/16/2007. Referred to Committee on Judiciary.

1 AN ACT Relating to the considerations of corporate directors in  
2 exercising their duties; and amending RCW 23B.08.300.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 23B.08.300 and 1989 c 165 s 97 are each amended to  
5 read as follows:

6 (1) A director shall discharge the duties of a director, including  
7 duties as member of a committee:

8 (a) In good faith;

9 (b) With the care an ordinarily prudent person in a like position  
10 would exercise under similar circumstances; and

11 (c) In a manner the director reasonably believes to be in the best  
12 interests of the corporation.

13 (2) In discharging the duties of a director, a director is entitled  
14 to rely on information, opinions, reports, or statements, including  
15 financial statements and other financial data, if prepared or presented  
16 by:

17 (a) One or more officers or employees of the corporation whom the  
18 director reasonably believes to be reliable and competent in the  
19 matters presented;

1 (b) Legal counsel, public accountants, or other persons as to  
2 matters the director reasonably believes are within the person's  
3 professional or expert competence; or

4 (c) A committee of the board of directors of which the director is  
5 not a member if the director reasonably believes the committee merits  
6 confidence.

7 (3) A director is not acting in good faith if the director has  
8 knowledge concerning the matter in question that makes reliance  
9 otherwise permitted by subsection (2) of this section unwarranted.

10 (4) A director is not liable for any action taken as a director, or  
11 any failure to take any action, if the director performed the duties of  
12 the director's office in compliance with this section.

13 (5) In the exercise of their duties, the directors of the  
14 corporation may, in determining what they believe to be in the best  
15 interests of the corporation, give due consideration to the social,  
16 legal, economic, and environmental effects of their decisions and  
17 potential decisions on employees, customers, and suppliers of the  
18 corporation, and on the communities and geographical areas in which the  
19 corporation and its subsidiaries operate, the economy of the state and  
20 nation, and the long-term as well as short-term interests of the  
21 corporation and its shareholders.

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